

PIC/D-64-60
20 May 1960

MEMORANDUM FOR: Directorate of Collection, ACS/Intelligence,
AFCIN-1B2

ATTENTION:

25X1A

SUBJECT: Contract No.

25X1A

REFERENCE: AFCIN-1B2 Letter of 16 May 60, Subj: Contract
No.

25X1A

1. A careful review of CIA/PIC records concerning Contract No. [redacted] indicates that responsibility for the work stoppage on the subject contract and incidence of additional expense in the amount of [redacted] is the result of Air Force delay in authorizing CIA/PIC to provide requested over-run funds to the contractor. Consequently, the reply to the requests in paragraphs 5a and b of the referenced letter must be negative for there is no justification for obligating CIA funds under this circumstance.

2. Approval is requested to expend [redacted] from the Air Force unobligated balance of [redacted] currently being administered by CIA/PIC. Immediate action on this request is necessary to prevent another work stoppage with attendant additional costs. Notification was received 18 May 1960 that present funds will be expended by 31 May 1960.

3. Information and facts involved in the handling of the subject contract and upon which the CIA/PIC position is based are as follows:

While visiting the [redacted] on 12 November 1959, Messrs. [redacted] were verbally advised of the contract over-run of approximately [redacted]. Written confirmation dated 18 November 1959, was received at CIA/PIC on 26 November 1959. On 8 December 1959 the contractor advised [redacted] by telephone that [redacted] would be required by 18 December 1959 and the remaining [redacted] by 20 January 1960 if the contract was to be carried on without interruption. During this conversation [redacted] requested an inventory of the contract and advised the contractor that an audit was going to be made by CIA. As a result of this telephone call, CIA committed the [redacted] on 16 December 1959 and the contractor was so advised by the [redacted]

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SUBJECT: Contract No. [REDACTED]

contract negotiator on 18 December 1959.

At a meeting on 12 January 1960 at CIA/PIC, attended by [REDACTED] 25X1A

[REDACTED] be authorized by 31 January 1960 or work on the second and third units would be discontinued and that resumption of work at a later date would require additional funds. In a memorandum, dated 21 January, from [REDACTED] Chief Administrative Staff, CIA/PIC, to [REDACTED] formal written approval was requested to commit the additional [REDACTED] 25X1A 25X1A

25X1A The reply and necessary authorization was not received until 18 February 1960, and then only after repeated verbal requests during the intervening period (21 Jan 60 - 18 Feb 60).

The foregoing information has been taken from documents contained in CIA/PIC contract files which may be made available for your review.

4. CIA/PIC has provided for the Army and Navy, as well as the Air Force, contract administration, logistic and fiscal support, contract monitoring, and many additional services in support of the joint procurement effort. This has imposed a heavy workload on the limited CIA/PIC staff which handles these matters, but the program has been vigorously supported in the belief that the results are of considerable significance. The joint procurement of photographic intelligence exploitation instrumentation has achieved positive benefits in terms of coordinated research and development, avoidance of duplication and increased efficiency, in addition to actual dollar savings. CIA/PIC desires to continue this program for these reasons, and it is hoped that the Air Force is similarly disposed. The Air Force can provide needed assistance to the program through more active liaison with the CIA/PIC personnel involved. This would tend to preclude difficulties occasioned in the handling of the subject contract. Your continued interest and support of the program will be most welcome and appreciated.

[REDACTED] 25X1A
Deputy Director

Photographic Intelligence Center

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